

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
August 11, 2021

College Creek Apartments, located at 2150 West College Avenue in Santa Rosa, requested and is being recommended for a reservation of \$2,289,667 in annual federal tax credits and \$6,332,580 in total state tax credits to finance the new construction of 163 units of housing serving tenants with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by USA Multi-Family Development, Inc. and will be located in Senate District 2 and Assembly District 10.

College Creek Apartments has financing includes state funding from the MIP through CalHFA.

Project Number CA-21-563

Project Name College Creek Apartments
Site Address: 2150 West College Avenue
 Santa Rosa, CA 95401 County: Sonoma
Census Tract: 1530.06

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$2,289,667	\$6,332,580
Recommended:	\$2,289,667	\$6,332,580

* The applicant made an election not to sell (Certificate) any portion of the state credits.

Applicant Information

Applicant: Santa Rosa 669, L.P.
Contact: Geoffrey C. Brown
Address: 3200 Douglas Blvd., Suite 200
 Roseville, CA 95661
Phone: (916) 773-6060
Email: gbrown@usapropfund.com

General Partner(s) or Principal Owner(s): USA College Creek 669, Inc.
 Riverside Charitable Corporation

General Partner Type: Joint Venture

Parent Company(ies): USA College Creek 669, Inc.
 Riverside Charitable Corporation

Developer: USA Multi-Family Development, Inc.

Bond Issuer: California Housing Finance Agency

Investor/Consultant: WNC

Management Agent: USA Multifamily Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 3
 Total # of Units: 164
 No. / % of Low Income Units: 163 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax Exempt

Information

Housing Type: Non-Targeted
 Geographic Area: Northern Region
 TCAC Project Analyst: Brett Andersen

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 17	10%
50% AMI: 43	26%
60% AMI: 42	26%
70% AMI: 61	37%

Unit Mix

64 1-Bedroom Units
58 2-Bedroom Units
42 3-Bedroom Units
<u>164 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
6 1 Bedroom	30%	\$654
16 1 Bedroom	50%	\$1,091
16 1 Bedroom	60%	\$1,309
23 1 Bedroom	70%	\$1,527
3 1 Bedroom	70%	\$1,527
6 2 Bedrooms	30%	\$785
16 2 Bedrooms	50%	\$1,308
16 2 Bedrooms	60%	\$1,570
11 2 Bedrooms	70%	\$1,832
8 2 Bedrooms	70%	\$1,832
5 3 Bedrooms	30%	\$907
11 3 Bedrooms	50%	\$1,512
6 3 Bedrooms	60%	\$1,815
4 3 Bedrooms	60%	\$1,815
4 3 Bedrooms	70%	\$2,117
4 3 Bedrooms	70%	\$2,117
8 3 Bedrooms	70%	\$2,117
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,179,481
Construction Costs	\$36,502,490
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,402,640
Soft Cost Contingency	\$248,031
Relocation	\$0
Architectural/Engineering	\$2,291,521
Const. Interest, Perm. Financing	\$5,604,658
Legal Fees	\$75,000
Reserves	\$603,091
Other Costs	\$5,902,405
Developer Fee	\$7,466,304
Commercial Costs	\$0
Total	\$66,275,621

Residential

Construction Cost Per Square Foot:	\$208
Per Unit Cost:	\$404,120
True Cash Per Unit Cost*:	\$353,402

Construction Financing

Source	Amount
Citibank, N.A. - Tax Exempt Bonds	\$33,100,000
Citibank, N.A. - Taxable Loan	\$13,000,000
Sonoma County**	\$4,428,000
Deferred Fees	\$7,466,304
Tax Credit Equity	\$4,979,701

Permanent Financing

Source	Amount
CalHFA Permanent Loan	\$27,390,000
Sonoma County CDC	\$4,428,000
CalHFA Mixed Income Program	\$4,000,000
NOI prior to Conversion	\$1,669,500
Deferred Developer Fee	\$3,889,616
Tax Credit Equity	\$24,898,505
TOTAL	\$66,275,621

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

** Sonoma County Community Development Commission

Determination of Credit Amount(s)

Requested Eligible Basis:	\$57,241,663
130% High Cost Adjustment:	No
Applicable Fraction:	100.00%
Qualified Basis:	\$57,241,663
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,289,667
Total State Credit:	\$6,332,580
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,466,304
Investor/Consultant:	WNC
Federal Tax Credit Factor:	\$0.88000
State Tax Credit Factor:	\$0.75000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions

TCAC Regulation Section 10326(g)(6) requires projects with at least 161 units to provide a second on-site manager's unit. The project has requested and received a waiver for the project to have only one manager's unit.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.